

can and should be fixed. The subcommittee that I chair—the Subcommittee on Federal Financial Management—has examined this issue in depth. We have uncovered numerous examples of improper payments that waste taxpayer money and harm those who aren't receiving the assistance they need. An improper payment is basically a payment that was either made to the right person in the wrong amount or a payment that was given to the wrong person, regardless of the amount. Improper payments include payments that were too high and payments that were too low.

According to estimates by the Office of Management and Budget, improper payments last year totaled \$37 billion. That figure is larger than last year's expenditures by the Departments of Commerce, Interior, State, and Environmental Protection Agency combined. The amount of improper payments just from last year could have completely funded four major Federal agencies. Improper payments are a very serious problem. For example, 28 percent of all payments within the earned income tax credit program are incorrectly made. Thus, for every dollar we spend in that program, 25 cents are completely wasted. Improper payments within the Social Security Administration totaled nearly \$6 billion. And these figures don't even take into account the seven major programs with outlays totaling about \$228 billion that are not yet even reporting their improper payments.

There are some who wish to make the issue of spending a partisan issue, but it is not a partisan issue. Members of both parties are guilty of putting short-term interests ahead of long-term priorities. Last week, Members of both parties voted to ignore Senate budget rules in order to spend an additional \$1 billion that is not paid for on home-heating costs even though the month of January was the warmest on record and winter will be over in less than a week. Both parties appear to lack the political courage to make the hard choices to address our impending fiscal crisis. This issue has nothing to do with Republicans and nothing to do with Democrats—it has to do with what is best for the American public.

Mr. President, the spending process in this body is broken. Our priorities are completely out of whack. Earmarking and wasteful spending are out of control. It makes no sense to effectively max out our credit cards and ask for a higher credit limit when we have no intention and no ability to ever actually pay for our debts.

Mr. LEVIN. Mr. President, the outcome of today's vote on raising the debt ceiling to nearly \$9 trillion is not in question, but our future economic security will be if we do not change from our current disastrous course. We will raise the debt limit today so that the United States does not default on its obligations, but we cannot for a second think that we have solved the

problem or even moved in the right direction.

This will be the fourth time in 5 years that we have had to raise the amount the Government is allowed to borrow. This is a direct result of the fiscal irresponsibility of this administration. These policies have taken the Nation from 2 years of record surpluses just 6 years ago—when we were paying down our debt—to record deficits and debt. We are passing on a crippling burden to our children and grandchildren and threatening our economic security.

Since 2002, we have increased the debt limit by an astounding \$3 trillion. And unless we make a significant change in our fiscal policies, there are additional increases in our future. The Congressional Budget Office forecasts that our gross Federal debt, which includes debt the Government owes to the public plus funds owed to Federal trust funds, including Social Security and Medicare, will climb from its current level of \$8.3 trillion to \$12.8 trillion by 2016. Even this extraordinary estimate does not include either the coming costs of military operations in Iraq or the substantial cost of fixing the alternative minimum tax, which if left unchanged will impose unintended tax increases on middle-income taxpayers, which most agree need to be changed.

The burden this massive debt puts on our children is staggering. Today, each American citizen's share of the debt is over \$27,000, and it will rise to over \$39,000 by 2016. Paying off this debt will require either extraordinary tax increases or significant cuts in critical areas such as defense or Social Security. Tragically, it will mean that an increasing number of taxpayer dollars will be spent not on moving America forward but simply on treading water by making interest payments to our creditors. Even under the CBO's conservative estimates, interest payments on the gross debt will rise from \$352 billion in 2005 to \$662 billion in 2016. That means over the next 10 years, we will spend an estimated \$5.6 trillion on interest payments alone. Making these interest payments means fewer resources are available for our national priorities such as shoring up the Social Security and Medicare trust funds as the babyboom generation begins to retire.

Equally disturbing is what this rampant borrowing will mean for our economic security. As we go deeper into debt to foreign countries we are losing control of our own destiny. Over 90 percent of our newly issued debt is being purchased by foreigners. By the end of 2004, U.S. Treasury debt held by foreigners was close to \$2.2 trillion, more than double the amount that was held at the beginning of this administration. This large amount of foreign debt leaves us vulnerable to the priorities of foreign creditors. If foreign investors, including countries, were to decide, for economic or political reasons, to stop financing our debt, the U.S. economy would be in for a severe shock.

Even without a catastrophic event, our unbridled foreign borrowing erodes our power by providing other countries with leverage during trade or other negotiations. We cannot delude ourselves into thinking we can maintain our position in the world if we can't even balance our checkbook.

We need to turn away from this administration's irresponsible fiscal policies. One of the best steps we could take would be to reinstate pay-as-you-go budget enforcement rules that require tax cuts and not just spending to be paid for. This approach worked during the 1990s to help bring about the first surpluses in a generation, and it can work again.

We should also revisit this administration's irresponsible and unfair tax cuts that have driven us so deeply into this deficit ditch. It is unconscionable that middle-class Americans will be paying for years for tax cuts that went primarily to the wealthiest among us. In fact, the top 5 percent of households in our country, whose average income is more than \$250,000 a year, received almost half of the President's tax cuts.

Today's action to raise the debt limit will hopefully be a reality check on what Republican fiscal policies have wrought. We need to change course. We need to return to fiscal responsibility. And we need to start climbing out of this deficit ditch before we are buried in it.

Mr. BIDEN. Mr. President, I was necessarily absent this morning when we considered Senator BAUCUS's amendment to the debt limit increase. If I had been here, I would have supported the Baucus amendment.

The Baucus amendment is clearly needed. The massive scale of other nations' accumulation of our debt has added another level of danger and complexity to our international economic relations.

This is a two-way street. The tsunami of debt created by the policies of this administration has to go somewhere. China is one of the major purchasers of that debt. Japan, Great Britain, and others have major holdings, too. In the short term, that has soaked up a lot of our bonds, and helped to keep interest rates down. That is a good thing.

However, that has kept the Chinese currency artificially low, and ours artificially high. So they can sell their products at a discount, and our exports are more expensive. That is a bad thing.

Our trade deficit was a record \$726 billion last year; \$202 billion of that was our trade deficit with China alone.

But as the rest of the world copes with the waves of U.S. debt, we are now all in the same leaky boat. There is just so much of our debt other nations want to hold. The more of it they accumulate, the closer we are to the day when they will not want any more.

When that happens, slowly or rapidly, our interest rates will go up, the value of their U.S. bonds will drop, and